The State of the Energy Market

April - June 2026

What Impacted the Market in Spring & Early Summer?

- Data center growth keeps pushing energy costs to record highs
- Early heat waves strain grid reliability ahead of peak summer

The North American Electric Reliability Corporation (NERC) predicts peak summer demand will climb by 10 GW this year.

Our Late Summer & Early Fall Market Predictions

- Expect electricity pricing volatility as national weather forecasts predict above-average temperatures for most of the U.S. through September.
- Cooling demand eases into September, providing a relief in pricing. High natural gas production will keep rates stable heading into fall.

Q2 Drivers of the Energy Market

Data Center Growth Accelerates Across the U.S.

- ERCOT expects data center demand to drive electricity use up 14% in 2026 alone.
- MISO projects 8 to 14 GW of new data centers online by 2027, driving 35% peak load growth by 2035.

Early Heat Waves Test Grid Reliability

- The Department of Energy (DOE) has already issued 34 Emergency Orders nationwide, more than any prior year.
- During PJM's late-June heat wave, wholesale electricity prices surged above $2,000/MWh.

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Key Drivers of Energy Industry in Q2 2026

01 Early Heat Waves Push the Power Grid to Its Limits

The country had one of its warmest Junes in over a century, with several states ranking among their top-10 warmest ever recorded. Grid operators felt the pressure early. PJM had to rely on emergency back-up power in mid-May, months before summer's typical peak. During the late June heatwave, wholesale pricing reached $2,000/MWh in PJM while the MISO and NYISO grids approached their all-time peak demand records. During this period, New England, New York, and the Mid-Atlantic together used more power than they did at any point last summer.

02 Data Centers Continue to Drive Massive Load Growth

Major deregulated energy markets are feeling the pressure of data center development. In Texas's ERCOT grid, data centers could cause peak demand to quadruple by 2032, reaching 367,790 MW. In the Midwestern MISO grid, the peak load is expected to surge 35% by 2035, and data centers account for 20% of that growth. PJM's 13-state footprint also expects peak load to grow by 32,000 MW, with data centers representing 94% of this increase. Grid operators nationwide will need to add fast-track new generation to keep up.

03 State Lawmakers Push Back on Rapid Data Center Expansion

Ohio, Pennsylvania, and New Jersey have introduced new statewide bills to reduce the impact data center energy demand has on residents and businesses. Ohio introduced a bill to put a hold on tax exemption requests from data centers, and Pennsylvania introduced the Governor's Responsible Infrastructure Development (GRID) standards. New Jersey Governor Mikie Sherrill also introduced a comprehensive data center plan to establish fair-share rules for data centers to contribute to grid infrastructure.

04 Renewable Energy Projects are Recharged After Major Legal Victories

After federal clean energy funding cuts were reversed early in Q1, states and renewable energy developers gained even more momentum throughout Q2. In June, the federal government officially dropped its last attempt to stop offshore wind development, clearing the way for five major East Coast wind farms to move forward for good. This court decision alone will bring enough clean energy online to power 1.4 million homes.

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Q2 Electricity Trends & Takeaways

Business Electricity Prices Rose Roughly 5% Year-Over-Year

As of May 2026, the average commercial electricity price in the U.S. reached 13.54¢/kWh, a 4.7% increase from May 2025's national average of 12.93¢/kWh. Electricity rates continue to rise due to rapid data center development, power plant retirements, and difficulties getting new generation projects added to the grid.

MISO Capacity Costs Ease After Last Year's Record High

After MISO's summer capacity prices reached a record $666.50/MW-day last year, the 2026-2027 auction brought some relief. MISO capacity prices cleared between $384.10 and $424.30/MW-day, depending on the region. Over the past year, MISO has added 5.6 GW of new generation sources to the grid, contributing to the 40% drop in prices.

Solar Generation Will Outpace Coal in Texas for the First Time

According to the U.S. Energy Information Administration's (EIA) May Short Term Energy Forecast (STEO), solar generation in ERCOT is forecasted to reach 78 billion kWh in 2026, compared to 60 billion kWh of coal. If end-of-year generation meets these figures, it will mark the first year solar has ever surpassed coal-fired generation in Texas.

Champlain Hudson Power Express (CHPE) Comes Online

On May 13, 2026, the $6 billion, 1,250 MW transmission line between Quebec and New York City began operation ahead of its original schedule. This 339-mile underground transmission line will supply enough hydropower to meet roughly 20% of New York City's energy needs. The CHPE was designed to improve grid reliability and reduce carbon emissions at the same time.

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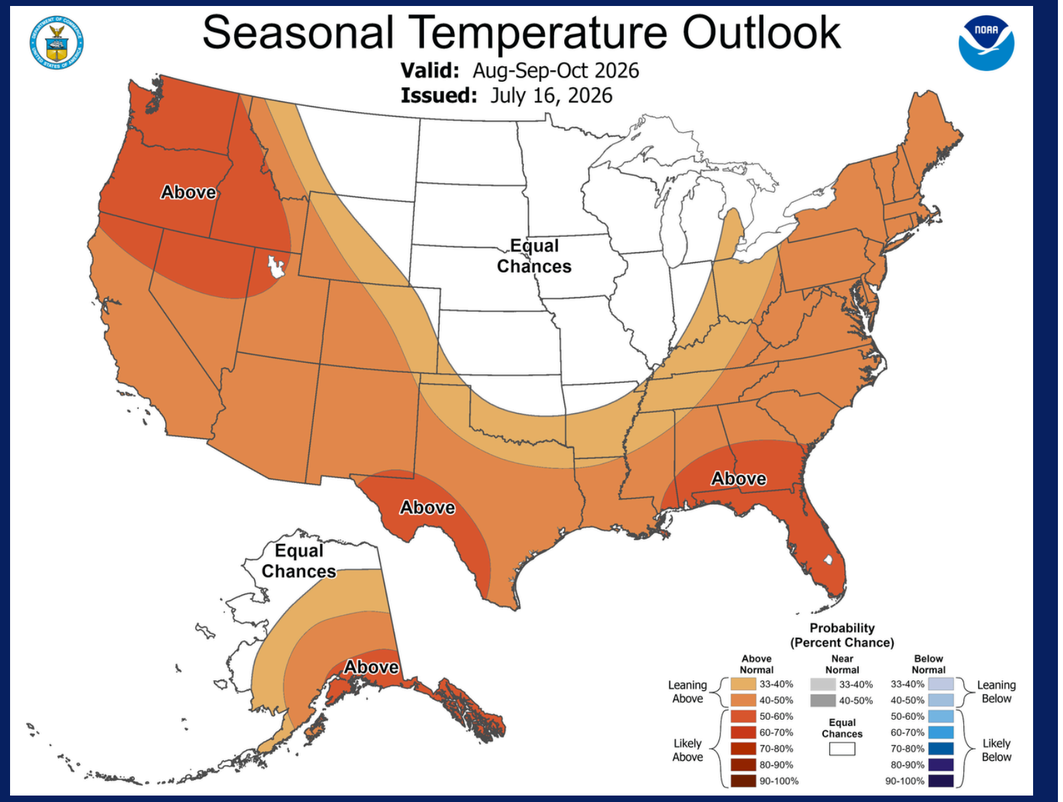
Our Late Summer & Fall 2026 Electricity Forecast



Source: NOAA

4 Key Influences in Q3 & Beyond

01 Above-Average Heat Continues into Fall

The National Oceanic and Atmospheric Association's (NOAA) latest outlooks anticipates above-normal temperatures across most of the country though late summer. The emerging El Nino weather pattern will likely peak October-December. Warmer-than-average conditions should help stabilize electricity rates through fall.

02 Record-Breaking Peak Summer Demand

Within the first week of July, summer peak demand records are already being shattered. On July 2, PJM hit an all-time summer high of 165,563 MW. As the summer continues, ERCOT predicts it could break its all-time peak demand record, potentially reaching 90,000 to 98,000 MW, depending on weather conditions.

03 Solar & Storage Are Keeping Pace with Demand

While peak demand is breaking records, so is renewable energy generation. Solar and storage made up nearly 91% of all new grid capacity in Q1 2026. In May, solar generated more power than coal nationwide for the first time in U.S. history, setting the country up for more reliable grid conditions throughout summer.

04 Wholesale Electricity Prices Lower Slightly

This summer, wholesale electricity prices are expected to average around $45/MWh. This $4/MWh decrease reflects lower natural gas prices for electricity generation and the impact of new renewable energy capacity. However, prolonged heatwaves and demand spikes could mean consumers won't feel the relief.

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Market Updates for the PJM & ERCOT Grids

PJM Market Overview

(Pennsylvania-New Jersey-Maryland Interconnection)

Across PJM's grid, power plant retirements continue to outpace new generation, and demand isn't waiting for the grid to catch up. Even at record-high prices, this auction fell 6,623 MW short of what's needed to keep the grid reliable.

- **Capacity Costs Reach Price Cap for Third Year**
  On June 1, the 2026-2027 PJM capacity prices took effect at 333.44/MW-day. This is the third year of sky high rates as PJM struggles to keep pace with demand.

- **FERC Orders Data Center Interconnection Reform**
  In June, the FERC ordered PJM and five other grid operators to overhaul how they handle large-load interconnection to reduce its impact on consumers.

PJM Market Forecast: Elevated rates are here to stay. PJM's 2028-2029 capacity auction results were released July 14, 2026, clearing at the price cap for the third year in a row. PJM will be holding a special auction in September for additional data center capacity and reform efforts are underway.

ERCOT Market Overview

(Electric Reliability Council of Texas)

Texas's power grid is holding steady. ERCOT's summer outlook put the odds of emergency alerts at less than 1%, and that forecast has held up. No emergency alerts have been issued this summer, despite record-breaking heat.

- **ERCOT Renewable Generation Reaches a New Record**
  On June 27, ERCOT renewables reached a combined generation record of 51,974 MW, keeping the grid stable during the hottest day of the June heatwave.

- **Data Centers Dominate ERCOT's Interconnection Queue**
  By mid-2026, ERCOT's large load interconnection queue reached 438,000 MW. Nearly 90% of this load growth comes from rapid data center development in Texas.

ERCOT Market Forecast: ERCOT is rolling out a new process for it's interconnection queue that studies large-load projects in batches instead of individually. Texas regulators have until December 2026 to determine valid interconnection projects, helping ERCOT forecast demand more accurately.

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Market Updates for the MISO & NYISO Grids

MISO Market Overview

(Midcontinent Independent System Operator)

MISO has already faced two heat waves this summer. An early June event triggered a brief “Emergency Generation” alert, but the grid held steady throughout the more severe late June through July heat wave that impacted PJM and NYISO.

- **Lower MISO Capacity Prices Take Effect**
  MISO’s summer capacity prices officially took effect on June 1, with rates 36-40% lower than summer 2025 due to roughly 5.6 GW of new generation on the grid.

- **MISO Grid Flagged as “High-Risk” Through 2028**
  Despite this year’s price relief, the North American Electric Reliability Corporation (NERC) rated MISO as high risk for power outages for the next two years.

MISO Market Forecast: The NERC is worried about data center energy demand, which could account for 20% of MISO’s total demand by 2030. Roughly 8-14 GW of new data centers are expected to come online by 2027, so it’s up to MISO to fast-track enough generation to meet these needs.

NYISO Market Overview

(New York Independent System Operator)

While NYISO avoided a true reliability emergency during June’s heat waves, electricity pricing took a major hit. During the late-June and early-July heat wave, wholesale electricity prices rose 101%, peaking at $1,000/MWh in some regions.

- **Champlain Hudson Power Express Begins Operation**
  While the CHPE will support roughly 20% of NYC’s electricity needs with sustainable, reliable hydropower, it will raise bills by about $1.65/month for the first year.

- **Long Island Offshore Wind Projects Near Completion**
  Due to recent legal wins, 810 MW project, Empire Wind 1, is more than 60% complete. It will come online by the end of 2026, providing a more reliable grid to Brooklyn.

NYISO Market Forecast: On July 14, New York became the first state to pause new large-scale data center development for one year. The data center moratorium applies to facilities using 50 MW or more, giving the state time to address concerns over grid demand, excessive resource use, and grid reliability.

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Q2 Natural Gas Trends & Takeaways

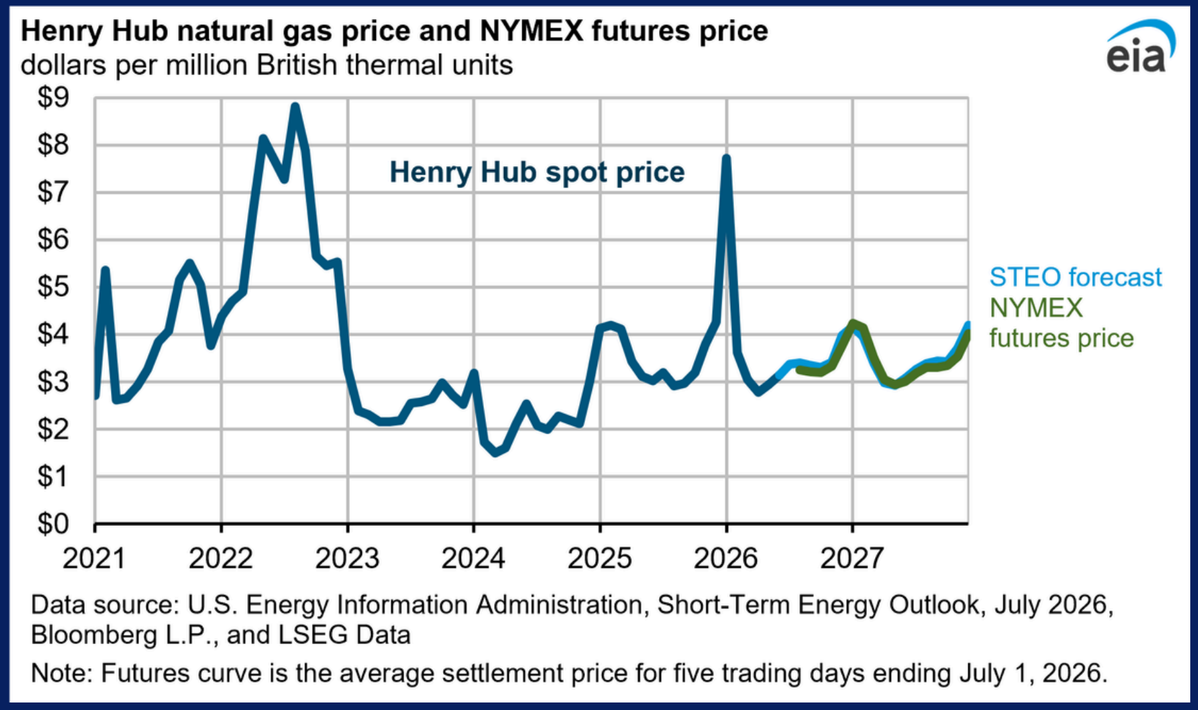
While the U.S.-Iran military conflict has sent global natural gas prices soaring, Henry Hub prices in the U.S. have stayed remarkably stable all quarter, ranging from $3.10-$3.34/MMBtu. Above-average domestic natural gas production and storage levels are contributing to more stabilized U.S. natural gas prices. During early season heat waves, natural gas rose to the challenge, supplying more than 44% of U.S. electricity generation at peak points in June. During the early-July heat wave alone, natural gas-fired power generation jumped by over 15% in a single week to meet air conditioning demand nationwide.

Natural Gas Market Snapshot: Storage, Production & LNG Exports

- **Robust Natural Gas Production Helps Insulate the U.S. Market**
  The EIA predicts U.S. natural gas production will reach record highs, growing by 2% in 2026 and 3% in 2027.

- **U.S. Natural Gas Storage Remains Comfortably Stocked**
  As of late June, U.S. natural gas inventories sat 6% above the five-year average, providing a cushion heading into fall.

- **LNG Exports Ramp Up to Support Surging Global Demand**
  Due to shortages caused by the U.S.-Iran conflict, total U.S. LNG exports reached 10.6 million metric tons in June. Egypt emerged as a new buyer, importing nearly 10% of all exports.



Source: EIA July STEO

Our 2026-2027 Natural Gas Forecast

With record-level production and a mild weather outlook, natural gas prices are expected to remain stable for the rest of 2026. The EIA forecasts that U.S. natural gas production will break a new record this year, keeping supply well ahead of winter heating demands.

The emerging El Nino weather pattern has an 81% chance of reaching “very strong” intensity between October and December. This likely means much of the country will experience mild fall and winter weather, keeping heating demand and prices under control.

- **Expect Natural Gas Prices to Remain Stable Through Q4**
  The EIA predicts Henry Hub prices will average around $3.57/MMBtu in Q4 2026, which is 5% below Q4 2025 pricing.

- **U.S. Natural Gas Production Will Reach New Records**
  The EIA also predicts that U.S. natural gas production will reach a new record high in 2026, averaging 111 billion cubic feet per day.

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Get Ready for Heating Season

Schedule Seasonal HVAC Maintenance Early

Waiting until the first cold snap often means longer service queues and more expensive emergency repair costs. Regular maintenance and smart usage habits can help lower your business’s heating costs by 20% to 40%.

Lock in Fixed Rates Before Temperatures Drop

Don’t wait to lock in competitive natural gas rates. Shopping for rates during shoulder months, like September and October, can help you secure some of the most competitive gas prices just before you need it most. Our advisors can help you find the best rates this fall.

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How States Are Responding to Surging AI Energy Demand

Over the next decade, data center electricity consumption in the U.S. is projected to grow 300%. By 2037, data centers will account for nearly 38% of the country's net electricity usage. This level of load growth strains local power grids, requires expensive infrastructure upgrades, and raises electricity rates for businesses and households alike. Here's how several states have stepped in with new rules and regulations to protect ratepayers from footing the bill.

Ohio

Pause on Data Center Tax Exemptions - May 2026

Governor Mike DeWine paused all new sales tax exemptions for data centers to give lawmakers more time to study the industry's growth and impact. The exemptions cost Ohio $1.6 billion in tax revenue in 2025 alone, 11 times more than originally projected.

Pennsylvania

GRID Standards - May 2026

Governor Josh Shapiro's Responsible Infrastructure Development (GRID) Standards require data center developers to fully cover their own energy costs in order to quality for state incentives, permitting help, or tax benefits.

New Jersey

Data Center Fair Share Act - July 2026

Data centers using 50 MW or more must now provide and pay for at least 85% of their required electricity for 10 years. This policy ensures that the costs of grid upgrades for new data center projects are not passed on to New Jersey businesses and households.

New York

12-Month Data Center Moratorium - July 2026

Governor Kathy Hochul has paused all new data center development 50 MW or larger for one year. New York is the first state to put a pause on data center development so it can build a better framework around the industry's impact on energy and water.

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How Current Market Trends Will Impact Business Energy Costs

Above-average temperatures and rising demand have already made for a costly quarter on the grid, and those costs are already showing up on business energy bills. Nationwide, electricity rates continue to climb, and the regions hit hardest by data center development are seeing the sharpest increases. Understanding your business's position in the market can help you plan ahead instead of reacting to the next pricing spike.

Commercial Electricity Rates Are Already Rising

The average commercial electricity rate in the U.S. reached 13.54¢/kWh as of May 2026, up nearly 5% from the year before. As more data centers come online, capacity shortfalls could deepen, pushing rates even higher over time. Businesses without a fixed-rate contract are the most exposed to further increases as demand keeps growing.

Capacity Costs Are Reshaping Bills in Specific Regions

In PJM, capacity prices hit the pricing cap for the third year in a row. Meanwhile, MISO's capacity prices actually fell by 36-40% this year. Capacity costs can represent between 15-30% of a commercial energy bill, so these regional differences matter more than ever when planning your energy strategy.

A Proactive Approach Can Protect Your Bottom Line

Between late summer heatwaves and the surge in data center-driven energy demand, locking in a fixed energy contract today can protect your business from future pricing shifts. Tailoring your energy contract to your industry and usage patterns can add even more savings on top of that stability. Businesses that plan ahead now will be the ones best positioned heading into winter.

Prepare for Heating Season Energy Costs with Confidence

With record summer heat, grid reliability issues, and rising data center demand, having a proactive energy strategy matters more than ever before. Whether you're looking to lock in fixed rates before temperatures drop or want to build a long-term energy strategy, our commercial energy brokers are here to help.

Smart Strategies for Fall & Winter Savings

- **Lock in Fixed Rates Before Temperatures Drop.** Shopping for rates during the fall shoulder season can help you secure competitive electricity or gas pricing before winter heating demand sets in.
- **Consider a Custom Energy Contract.** With data centers and weather conditions shape the electricity and gas markets, tailoring your contract to your industry and usage can provide stability and savings.
- **Stay Informed About the Market.** Connect with our energy brokers for personalized support and real-time updates, so your business is never caught off-guard by sudden market shifts.